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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 09/599,051
Filing Date: June 21, 2000
Appellant(s): WITZ ET AL.

Joseph P. Mehrle
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed February 1, 2007 appealing from the Office action mailed September 25, 2006

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

NEW GROUND(S) OF REJECTION

Claims 1-12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1-12 recite a process comprising the steps of receiving an indication of a preference, aggregating the preference into a database, and deriving a financial product. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr,* 450 U.S. 175, 184 (1981); *Parker* v. *Flook,* 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson,* 409 U.S. *63,* 70 (1972); *Cochrane* v. *Deener,* 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,236,980	REESE	5-2001

6,049,783	SEGAL ET AL	4-2000
6,473,084	PHILLIPS ET AL	10-2002
6,338,047	WALLMAN	1-2002

"Virtual Community." www.wikipedia.org/wiki/Virtual_community 8 June 2007.

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-3 are rejected under 35 U.S.C. 102(e) as being anticipated by *Reese*, U.S. Patent No. 6,236,980.

With respect to claim 1, *Reese* discloses the invention substantially as claimed including a system and method for receiving and reporting investment security recommendations from investment analyst sources, including receiving over a wide-area network (figure 3), an indication of a preference of a user from a first population of users, wherein the first population of users is associated with investment analysis (column 12 lines 11-16, 35-38, and figure 7), aggregating preferences into a database (figure 14, #342), and deriving a financial product for a second population from the set of preferences, the second population being associated with investors (column 2 line 40 – column 3 line 54).

Claim 2, *Reese* teaches the financial product being mutual funds (column 56 lines 59-67).

Claim 3, *Reese* teaches associating each preference with a ranking of a submitting user, and screening the preferences based on the ranking (column 30 lines 30-32 and column 21 lines 10-31).

Claims 8-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Reese*.

Claim 8, *Reese* teaches receiving a request for information about a mutual fund (column 15 lines 24-36, column 56 line 67). Reese fails to teach the steps of serving a page reflecting current holdings of the mutual fund.

Official notice is taken that the current holdings of a mutual fund is an old and well-known component of information about a mutual fund. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify *Reese* to include a display of mutual fund holdings in the mutual fund holding information report, thereby providing complete information about the mutual fund.

Claims 9, 12, *Reese* fails to teach distributing reports as an electronic newsletter, updated with a frequency greater than weekly.

Official notice is taken that the distribution of semi-weekly newsletters is old and well known in the art. It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of *Reese* to include the distribution of a semi-weekly newsletter, because it would automate the process of a user receiving recommendation information, without the need for the user to manually retrieve the data, and since investment data can be extremely time sensitive, the newsletters would be more effective if they are distributed more frequently.

Claim 10, *Reese* teaches screening the set of preferences to generate a recommendation list (column 2 lines 40-55).

Claim 11, *Reese* teaches screening based on investment style of the recommended list, and generating reports based on the screening (column 57 lines 13-29).

Claims 4 and 5 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Reese*, as applied to claims 1 and 2 above, and further in view of *Segal* et al., U.S. Patent No. 6,049,783.

Claim 4, *Reese* fails to teach identifying a subset having capitalization and a trading volume consistent with objectives of a mutual fund.

Segal teaches a method of sorting, filtering, and reporting criteria as a means for timely processing online financial data. *Segal* teaches criteria being selected from trading volume and capitalization (claims 15 and 18). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of Reese to include the selection criteria of trading volume and capitalization because such statistics are helpful in making investment decisions on a security.

Claim 5, *Reese* teaches screening preferences based on the ranking of the submitting user (column 30 lines 30-32 and column 21 lines 10-31).

Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Reese*, as applied to claim 1 above, and further in view of *Phillips* et al., U.S. Patent No. 6,473,084.

Claim 6, *Reese* fails to teach providing rewards based on a reward structure to submitters of high performing model portfolios.

Phillips discloses a system and method for inputting predictions of financial data. Phillips teaches ranking users who submit predictions, and providing rewards to those who repeatedly predict accurately (column 61 lines

36-53). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of *Reese* to include the reward structure of *Phillips* because this feature provides motivation for analysts to most honestly recommend the securities as best they can, creating a more accurate system.

Claim 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Reese*, as applied to claims 1 and 2 above, and further in view of *Wallman*, U.S. Patent No. 6,338,047.

Claim 7, *Reese* fails to teach receiving investor currency units, and establishing a new position of security in the mutual fund.

Wallman discloses a system and method for allowing a plurality of investors to manage investments in a mutual fund, wherein users submit preferences, and adjusting mutual fund holdings in response to these preferences (column 4 lines 5-7, 20-24, 33-40). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of *Reese* to include establishing new investment positions in a mutual fund because based on the recommendation data of *Reese*, a user is able to make informed decisions about investment positions, and as the data changes,

these positions may change as well, and the mutual fund should preferably reflect these changes in market conditions.

(10) Response to Argument

Regarding claims 1-3, Appellant asserts that the Reese reference fails to teach the identical invention in as complete detail, with respect to the following: "a virtual community," "preference from the user is a selection of an investment or an allocation for the investment that the user provides to the virtual community," and "deriving a financial product" (See Appeal Brief, page 8).

In Response: The Examiner respectfully disagrees that Reese fails to teach these specific features of the claimed invention.

Appellant argues that the Reese reference fails to teach a "virtual community" that is capable of performing or being used in the manners that are positively recited in Appellant's independent claim 1, and where a "preference from a user is a selection of an investment or an allocation for the investment that the user provides to the virtual community" as recited in Appellant's independent claim 1. Appellant argues that "virtual community" includes a specific recognized meaning in the industry, and that the Examiner has ignored this definition. Appellant subsequently cites the Internet website

www.wikipedia.org (hereinafter "Wikipedia") for providing said meaning (See Appeal Brief, page 9). Examiner disagrees with this argument for a number of reasons.

Appellant's Evidence sheet is incomplete because the Wikipedia citation is not of record, and constitutes new evidence. Examiner has included, as Evidence relied upon, the complete Wikipedia webpage which describes a "virtual community."

Reese describes recommendations of various financial investments are retrieved by the system of Reese from various analyst sources, such as broadcast programs, online sources, and financial magazine articles and columns (column 14 lines 35-51). The analysts who create these sources of information are inherently creating them for investors to read and benefit from, and so the analysts are clearly providing said recommendations to the investors. Reese describes investors receiving the recommendations of analysts via electronic mail (column 60 lines 8-15). Examiner is of the opinion that the analysts and the investors form a virtual community, at least because the analysts are communicating to the investors.

The definition of "virtual community" provided as part of Appellant's argument is a narrow interpretation, and is a small part of the Wikipedia explanation. Wikipedia describes the evolution of virtual communities from their inception to the present day. Specifically, Wikipedia states the term originated in a book which described "a range of computer-mediated communication and social groups... the technologies includes Usenet, MUDs, and their derivatives MUSHes and MOOs, IRC, chat rooms, and electronic mailing lists" (See Wikipedia, "Virtual Community", Overview section, paragraph 3). Since Reese includes mailing lists, Reese satisfies at least one definition

of "virtual community" provided on Wikipedia, and in no way does Wikipedia's definition exclude Examiner's interpretation.

Furthermore, it is noted that Appellant does not provide a clear definition of "virtual community" in Appellant's specification, and so Examiner gave the term its broadest reasonable interpretation. If Appellant was to enter the definition as provided in Appellant's Appeal Brief into the specification, Examiner would consider it to be new matter, because there is no support in the specification for such a narrow interpretation.

Furthermore, Appellant argues that Reese does not permit "deriving a financial product". Examiner respectfully disagrees at least because Reese teaches forming a report of aggregated recommendations (column 29 lines 23-42), and emailing the report to investors (column 60 lines 8-15). The report created by the system can be considered "deriving a financial product" because Appellant's specification states, "the aggregated list of preferences may be used as a basis for the formation of a financial product such as a mutual fund or a newsletter" (Appellant's specification, page 4, lines 15-16).

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section **(9)** above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

Daniel Kesack

A Technology Center Director or designee must personally approve the new ground(s) of rejection set forth in section (9) above by signing below:

***

Conferees:

***

Vincent Millin
Appeals Conference Specialists

***

Alexander Kalinowski
SPE AU 3691

WYNN W. COGGINS
TECHNOLOGY CENTER DIRECTOR